



City of Pelican

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September 12, 2008

Ms. Kathy Prentki
Energy Program Manager
Denali Commission
510 L Street, Suite 410
Anchorage, Alaska 99501

Dear Ms. Prentki,

I am writing in response to a phone call that I received yesterday from David Lockard. It seems that the funding to upgrade Pelican's hydroelectric facility is in question and I would like to offer my perspective as mayor and long-time resident of Pelican.

Pelican's location is considered prime based on the fact that the city sits at the edge of a deepwater port. This location affords an excellent water supply from Pelican Creek for hydroelectric power generation.

Our close proximity to the rich salmon, halibut and blackcod fishing grounds is another important feature. The commercial fishing and sport fishing fleet that are based along Southeast Alaska's northern coast rely on the local services that Pelican businesses provide. Pelican's long-established fish processing plant, Pelican Seafoods, buys and processes fish that commercial fishers deliver to the dock. The purchase of fish provides important revenue to our city in the form raw fish tax. Cross Sound Seafoods is a new business venture in Pelican; offering small seafood processing of value-added and custom-processed fish. Without affordable hydroelectric power, the economic viability of these two businesses would be questionable.

The breath of new life has come to Pelican. Various land sales are taking place and there is much going on in our community right now. People are clearing property and new construction is occurring. The City and Pelican Schools are working on the prospect of putting in a hatchery for coho and chum salmon. Pelican Schools, in collaboration with the Northern Southeast Regional Aquaculture Association, has already obtained a permit for incubation rearing boxes.

Our community is experiencing the return of our younger generation. We have a number of young people who have gone out, got training and education, and are now moving back to town. These young people are bringing with them skills and tenacity. They are buying boats, fishing permits, and property to build homes on. These young people bring a creative economy with them. Their children are enrolled in our school. These are all recent developments and very encouraging to the long-term sustainability to this town.



Affordable energy is absolutely essential to our economy. The current infrastructure of our hydro is dire and near catastrophic failure. Last week, while walking to the reservoir; I observed soft spots in the wood flume and penstock. Any long-term delay in construction will result in a disaster. It's inevitable and only a matter of time.

We have a commitment to future generations to make this a viable community. Should our community lose funding for the upgrade of our hydroelectric power facility; the prospect of an out-migration of residents from our community would be certain. Quite simply businesses and families could not afford to live here anymore. The cost of energy can either be an obstacle to or can improve economic opportunities for local residents to engage in. Affordable renewable energy brings in the kind of small business investment that instills well-being into our communities.

The September 7, 2008 Alaska Journal of Commerce article, *Congressional Senate Hearing in Bethel tells a bleak story*, cites several state leaders. Senator Lisa Murkowski says we do not want a mass migration to the urban areas. "I urge you not to give up your way of life, your culture and your connection to the land and move into urban areas. We will find a creative way to beat this," she told Bethel residents at a gathering Aug. 28.

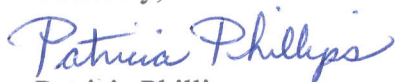
"This is not only an energy crisis, but a social and cultural crisis that is unacceptable in the 21st century," said Robert Middleton, director of the office of Indian Energy and Economic Development for the U.S. Department of the Interior.

(http://www.alaskajournal.com/stories/090708/hom_20080907003.shtml)

It has been and continues to be most helpful to work with David Lockard. His in-depth understanding of the extensive issues required of this project is irreplaceable. He knows the importance of this project to our community. David has gained much experience as he works to resolve the complexities of governmental permits, construction administration, and other project necessities in progress.

In closing, the socio-economic and cultural fabric of this community depends on the continuation of the Pelican hydroelectric power system renewal and replacement upgrades. If I can offer further ideas and insights please contact me without delay.

Sincerely,



Patricia Phillips

Mayor

Cc: David Lockard, P.E.